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Via Electronic Filing

April 10, 2009

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

IN RE: Application of South Carolina Tariff Bureau, Inc. for a Rate Increase
 Docket No. 2009-41-T

Dear Mr. Terreni:

This letter is provided in response to the Public Service Commission's April 1, 2009 directive number 2009-219 in the above referenced docket.

Following the South Carolina Tariff Bureau's (hereinafter SCTB) initial filing in this docket, ORS contacted members of the SCTB's executive board in order to advise them of ORS's initiation of an analysis of the impact of the proposed tariff increase on the coverage ratios of its member companies. This initial contact was followed by a telephone conference between ORS's Audit, Legal and Transportation departments and, among others, the President and Executive Director of the SCTB. At this conference, ORS described the scope of its examination and provided a list of the financial and other records ORS would need to perform its analysis. None of the SCTB members participating in the conference voiced any objections or concerns regarding the amount of data being requested or the type of data being sought. ORS has followed the same procedures and requested the same types of supporting documentation regarding impact studies since 2005.


In determining the impact of an applicant's proposed tariff change on its coverage ratio, the percentage of its regulated revenues to its total revenues is utilized to allocate shared expenditures between regulated and non-regulated activities. Therefore, in the examination of an applicant who performs both regulated and non-regulated services, it is essential that all transactions, and the supporting documentation for all transactions, be examined. Only through examination of all revenue transactions (bills of lading) can ORS be assured that revenues reported are complete, accurate, and properly classified as either regulated or non-regulated. Likewise, examination of all expenditures (invoices) of the applicant must be examined to ensure that all expenditures for the conduct of regulated activity are included in regulated net income and that expenditures for non-business purposes are excluded from net income. This also

ensures that the allocations are proper and that the shared expenses, once allocated, do not exceed 100%.

Of the six companies selected for review in the impact study: one company provided complete documentation and adequately responded to all questions, two provided incomplete responses, two failed to respond in any manner, and one company affirmatively refused to provide any of the requested records. Given the inadequacy of the response, ORS's auditors were unable to form an opinion as to the impact of the proposed tariff change on the coverage ratios of SCTB's member companies.

ORS continues to welcome the opportunity to conduct an impact study and make an appropriate recommendation to the Commission regarding this application. To do so, however, ORS must be provided with the necessary documentation from the Applicant's members and sufficient additional time from the Commission to collect and analyze this information.

Sincerely,



Jay R. Jashinsky
Director of Auditing

cc: Lisa Stevens, South Carolina Tariff Bureau